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October 4, 2022

**BY HAND DELIVERY & CM/ECF**

The Honorable Leonard P. Stark  
United States District Court for the District of Delaware  
J. Caleb Boggs Federal Building  
844 North King Street  
Wilmington, DE 19801-3570

Re: *Crystallex International Corp. v. Bolivarian Republic of Venezuela*,  
D. Del. C.A. No. 1:17-mc-00151-LPS

Dear Judge Stark:

Pursuant to the Court's Order dated September 29, 2022, I write to submit this joint status report ("**Joint Status Report**") on behalf of Special Master Robert B. Pincus (the "**Special Master**"), as well as Crystallex, the Venezuela Parties, and ConocoPhillips (collectively, the "**Sale Process Parties**," and each a "**Sale Process Party**") in the above-referenced matter. Consistent with the Order, the Special Master consulted with the Sale Process Parties regarding the contents of this Joint Status Report.<sup>1</sup>

**Joint Statement**

On September 29, 2022, the Court issued an *Oral Order* [D.I. 479] (the "**Order**") in which the Court (i) authorized the Special Master to engage in discussions with the PDVSA 2020 Bondholders regarding the sale process, (ii) directed the Special Master and the Sale Process Parties to meet and confer, and (iii) directed the Special Master to submit, no later than by 2:00 PM on Tuesday, October 4, 2022, an updated Proposed Sale Procedures Order reflecting the passage of time since the Fifth Revised Proposed Sale Procedures Order [D.I. 472-1 Ex. A] and this Joint Status Report setting out the Special Master's and the Sale Process Parties' positions, if any, as to next steps.

On October 3, 2022, the Special Master and the Sale Process Parties met and conferred to discuss the Court's instructions as set forth in the Order. Following such discussions, the Special Master

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<sup>1</sup> Capitalized terms used but not defined shall have the meaning ascribed to such terms below or, if not defined below, the meaning ascribed to such terms in the Sixth Revised Proposed Sale Procedures Order.

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and the Sale Process Parties have agreed to submit this Joint Status Report. Per the Court's instructions in the Order, a final proposed sale procedures order (the "**Sixth Revised Proposed Sale Procedures Order**") is attached as **Exhibit A** hereto. As per the Order, the Sixth Revised Proposed Sale Procedures Order modifies the dates and deadlines set forth in the Fifth Revised Proposed Sale Procedures Order to account for the passage of time, as reflected in the redline attached as **Exhibit B** hereto.

With respect to next steps that the Court should take, the Special Master respectfully submits as follows.

The Special Master intends to carry out his duties and tasks as described in the Sixth Revised Proposed Sale Procedures Order as promptly as possible according to the timeline set forth therein. Accordingly, upon entry of the Sixth Revised Proposed Sale Procedures Order, the Special Master intends to (i) engage with the Executive Branch, including OFAC, to seek clarity or guidance on its support for (or non-opposition to) the launch of the Marketing Process,<sup>2</sup> (ii) execute the original Proposed Evercore Engagement Letter,<sup>3</sup> and (iii) thereafter, carry out his duties in preparation for

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<sup>2</sup> The Venezuela Parties have requested that the Special Master include the Sale Process Parties in discussions with OFAC; however, at this time, the Special Master does not intend to include the Venezuela Parties at such meeting, but such position may change in the future.

<sup>3</sup> While the Special Master plans to activate Evercore's services (and, by extension, its monthly fees for such services) shortly after submission of the Supplemental Report to facilitate initial communications with Potential Bidders before the Preparation Launch Date, the Special Master reserves the right to activate Evercore's services on an earlier date if he deems such services necessary to perform his duties. The Special Master will keep the Sale Process Parties apprised of any change in the timing of his decision to activate Evercore's services. (The Venezuela Parties object to the Special Master's discretion to activate Evercore prior to the Preparation Launch Date without further leave of Court and to Evercore's entitlement to a monthly fee prior to the Preparation Launch Date. The Venezuela Parties submit that (i) under the Proposed Evercore Engagement Letter, Evercore's monthly fees do not begin to accrue until "the Special Master provides Evercore with . . . written notice of his determination to begin preparations for the Marketing Process," Proposed Evercore Engagement Letter ¶ 2(a), and (ii) under the Proposed Sale Procedures Order, the Special Master cannot begin such preparations until the "Preparation Launch Date," which is defined as "the date on which preparation for the Marketing Process is launched" and which will not occur until after order of the Court following submission of the Supplemental Report from the Special Master and briefing by the parties, D.I. 472-1 ¶ 3. The Special Master does not agree with the foregoing interpretation of the Proposed Sale Procedures Order or the Proposed Evercore Engagement Letter and has advised the Venezuela Parties of his position and the basis for it. Nevertheless, the Special Master, of course, has not and will not incur professional fees unless necessary to perform his duties and has been very circumspect on these issues throughout his engagement with the Court; however, the Special Master must reserve the

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the Marketing Process as provided in the Sixth Revised Proposed Sale Procedures Order.

The Special Master further notes that he intends to commence discussions with the advisors to the PDVSA 2020 Bondholders in furtherance of a value-maximizing transaction, subject to the limitations set forth in the Order.<sup>4</sup>

The Special Master is not aware of any positions contrary to the positions stated in this Joint Status Report that have not already been ruled on by the Court. The Venezuela Parties maintain all of their previous objections.

The Special Master has informed the Sale Process Parties that if they have any views different from those stated in this Joint Status Report, they should make the Court aware.

Respectfully,

*/s/ Myron T. Steele*

Myron T. Steele (#00002)

*Counsel for Special Master  
Robert B. Pincus*

MTS/mas/10362624  
cc: All Counsel (via CM/ECF)

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right, if necessary, to have Evercore assist the Special Master to perform his duties in advance of the Preparation Launch Date.)

<sup>4</sup> The Venezuela Parties maintain their objection to the Special Master's intended discussions with the PDVSA 2020 Bondholders.